

Appendix C. Individual Subcommittee Reports

HR Task Force
Position Management Subcommittee
Final Report
November 30, 2007

Introduction

The Position Management Subcommittee met on November 5 & 6, 2007, to discuss position management issues, develop recommendations, and prepare this Interim Report. Buffy Bagwell, Director of Human Resources at UNC Asheville, served as the Chair, and Carol Rovello facilitated the two work sessions.

The following individuals participated:

- Chuck Brink, Staff Assembly Representative, UNC Chapel Hill
- Dennis Daley, Professor, NC State University
- Patrick McCoy, Human Resources Director, Appalachian State University
- Kathy Wong, Human Resources Director, Western Carolina University
- Chuck Wooten, Vice Chancellor for Administration and Finance, Western Carolina University

The Subcommittee explored the underlying assumptions/current conditions related to University position management, identified the benefits of enhancing the current approach and structure, and clarified what enhancements would best support the President's objectives of a reasonable, cost efficient, accountable, and manageable process. The Subcommittee is confident that these recommendations will enable the University's position management system to become more efficient, effective, nimble, and responsive.

Recommendations

1. Place the UNC position management system under the Board of Governors.
 - Use the currently vacant Article 4 of Chapter 126 of the State Personnel Act.
 - The position management system will be developed with input from the Office of State Personnel, but the final decision regarding the operational framework will rest with the Board of Governors. Our suggested language for this section is as follows: "The University Board of Governors may create a University position management operational framework in consultation with the Office of State Personnel, which, once adopted, will supersede the State Personnel Commission's oversight responsibility."

2. Streamline the current position management function to achieve a more effective human resources system that enhances UNC's capability to meet the demands of an increasingly competitive marketplace and effectively supports UNC Tomorrow.
 - Utilize existing federal standards, which are already used by the campuses through the University Personnel Data File Reports to GA, to eliminate the current dual reporting requirements.

Recognition of Valued Features to Be Continued

The Subcommittee values the partnership between the University and the Office of State Personnel and the benefit of being part of a larger system.

Initial integration of software systems like Banner, People Admin, and PMIS has increased efficiencies and accountability.

The University-specific career banding has allowed campuses to become more competitive and it has fostered the development of position management expertise at the campus level.

The Office of State Personnel's use of the Federal occupational categories is helpful because they are universally used across industries.

These recommendations and the subsequent operational framework are not intended to take away SPA employee protections. The Subcommittee is recommending that efficiencies and effectiveness be instituted in a manner that does not negatively impact University employees. It was also not the intent of the Position Management Subcommittee to add protected employment rights (i.e. change the at-will employment relationship) for EPA employees. **We suggest that the recommendations be subjected to legal review prior to submission to be sure that there are no unintended consequences.**

Enhancements to Support the University's Mission

Rationale for the Recommendations

The state has lost industries/jobs. As a global enterprise, higher education is the foundation of NC's economic engine. Higher Education should be advancing the economy of the state, not just maintaining it. Efficient and effective HR systems can assist in that goal.

HR has grown in level of sophistication and there is a need for greater flexibility to keep pace.

There are key distinctions between the university and state agencies, i.e. different competitors for recruitment, different labor markets, and certain positions that are distinctly different. For example, a University housekeeper plays a key role in student success above and beyond routine housekeeping duties. Because of this, a “one size fits all” approach at the state level is not effective.

Job classification is a major workforce planning tool. Since the majority of the University budget is allocated to labor costs, a streamlined process that is reflective of University jobs will have a major positive impact.

Most campuses have benefited from having delegated responsibility in other important areas of responsibility and have already proven their capability to OSP/GA. This localized responsibility has increased transparency, which increases the confidence of employees.

Operational Framework

Develop a single process/common tools to achieve the establishment and classification of EPA and SPA positions.

Develop similar input and tools that allow for reporting to different places.

Correlate Federal occupational category codes of University jobs with FLSA. The University should apply FLSA eligibility rules to the occupational category administrative framework.

Use technology to establish common and reliable data and reporting mechanisms. Establish systems that interface across campuses.

Institutional Research should play a critical role in standardizing data and accountability; this becomes the driver for accurate information across the UNC system.

The revised system will be audit defensible.

Implementation of the recommendations should be cost neutral. The University would gain business efficiencies.

Benefits of Implementing the Recommendations

Position management is the foundation for other critical human resource functions, such as recruitment, selection, employee relations, performance management, and compensation. As such, an integrated position management system would enable

campuses to collect and report reliable data and make sound, consistent position management decisions.

This approach directly aligns with the UNC Tomorrow initiative and supports leadership continuity for the University system.

A common reporting process and mechanism/tools that meet federal standards will be simpler, easier to understand, and reduce duplicative efforts. This would result in a streamlined process that is more efficient and effective.

Related efficiency outcomes include less time spent in training, fewer mistakes (single entry), better consistency across campuses, and a level playing field for smaller campuses that will benefit from having a structure to follow.

The EPA/SPA lines would be better defined and more consistent across campuses. There would be fewer and simplified titles and the data will be more easily reported.

The Federal AAP requirements are more comprehensive than those of the State. The State can be confident that the Federal AAP is fully acceptable, eliminating the time that the campuses would otherwise spend on developing a separate State AAP.

Improving the quality of data will improve accountability across human resource functions, including: position management, recruitment, selection, employee relations/EEO/AA, performance management, and compensation.

With common structure and integrated technology, the University will be able to run exception reports and better identify middle management positions in order to support workforce planning initiatives.

GA will be able to more easily access and use position data from the campuses because the campuses would have an agreed-upon set of standardized titles/descriptions and corresponding codes.

Placing the emphasis on occupational codes rather than EPA/SPA designation is a philosophical shift that will increase the University's efficiency and build University community.

Deferred to other Subcommittees

The Subcommittee recognizes that position management provides the infrastructure for all other HR functions. The following issues, identified during the work session, are being referred to the other Subcommittees for further discussion:

1. Compensation/Rewards – benefits equity, career banding
2. Employee Relations – EEO, due process
3. Recruitment – AAP that meets federal requirements should be accepted by the state

Consideration for the Task Force

Ask that the University be included in the OSP Director appointment process.

The Subcommittee defined the key terms as follows:

Position Management is defining, receiving permission for, and classifying positions to help the University achieve its mission. It is the umbrella/foundation/underpinning of the following HR activities: recruitment and selection, employee relations, performance management, compensation, and EEO/AAP reporting.

The Fair Labor Standards Act (FLSA) is a Federal law that defines which positions are subject to, or exempt from, Federal overtime requirements. FLSA Subject refers to positions that are non-exempt – overtime must be paid for all hours worked over 40 in a workweek.

FLSA Non-Subject refers to positions that are exempt from the FLSA overtime requirements – they are paid a salary.

Occupational category refers to the title and code assigned to each distinct group of positions. The US Department of Labor establishes these categories, which provides a commonality for reporting across industries.

DRAFT REPORT

RECRUITMENT SUBCOMMITTEE OF THE PRESIDENT'S HR TASK FORCE

November 26, 2007

Alan Boyette, *Vice Provost, UNC Greensboro*

Hannah Gage, *Chair, Board of Governors Committee on Personnel and Tenure*

Joan Lorden, *Provost, UNC Charlotte*

Harold McKeithan, *Staff Assembly, Fayetteville State University*

CHARGE TO THE SUBCOMMITTEE

- A. Review and analyze the barriers to efficiency and effectiveness identified in previous documents. Offer recommendations to address barriers.
- B. Identify “best practices,” and determine if certain practices can be applied to the State Personnel Act rules to make the EPA/SPA systems more effective.

Two questions subcommittees should keep in mind as they develop best practices:

- 1. How do we minimize current differences between the EPA and SPA systems so that they more closely resemble one Human Resources system for management purposes?
- 2. How can we best make the current systems more nimble and responsive to the needs of UNC Tomorrow?

A. **Recommendations: Improving University Recruitment Efficiency & Effectiveness**

Following an extensive review of relevant issues and guided by perceived best practices, the Recruitment Subcommittee offers the following six recommendations.

- 1. **Expand EPA instructional/research definitions and EPA/Senior Academic and Administrative Officer/Tier II definitions.**

Comments:

The most significant barriers to the recruitment of university staff members are imposed by provisions of the State Personnel Act, which cover all SPA employees. Such barriers include ineligibility for participation in the optional retirement program, rigidity in salary determination, and lack of promotion opportunities. Exempting more employees from the Act would therefore represent a significant step toward improving staff recruitment. This level of

exemption could be achieved by increasing the number of exemption categories or by interpreting the instructional, research, and senior academic and administrative exemption criteria more broadly than is currently the case. An alternative approach is to adopt a completely different basis for the exemption. For example, some individuals have suggested tying the exemption to a position's status with regard to the Fair Labor Standards Act (FLSA). If one's position were exempt from the overtime provisions of FLSA, then one's position would also be exempt from the State Personnel Act.

2. Gain significantly greater flexibility in evaluating qualifications for salary offers.

Comments:

Even with career-banding in place, the authorized salary ranges can be too limiting if the salary levels are not regularly updated (with region-specific market data taken into account). Institutions should have the authority to make salary offers that exceed the established salary range when the institution can provide relevant market data justifying the offer.

3. Reduce the time and paperwork required for jobs to be properly evaluated, classified, and filled.

Comments:

This issue is important for all campuses, but represents an especially significant source of frustration for campuses with relatively low levels of delegated position authority, where the campus is required to submit classification requests to the Office of State Personnel and await decisions. We recommend granting full authority to each campus for SPA position classification. Such work would be done in compliance with established OSP regulations.

To the extent that this issue is problematic due to inefficiency in internal campus operations, each campus is urged to review and improve the efficiency and service orientation of its evaluation, classification, and posting functions. For example, campuses are encouraged to examine their self-imposed job posting requirements. OSP requires only a five-day posting period, but some campuses require more time. Hiring offices may wish to expand the posting period (in order to encourage the development of a diverse applicant pool, for example), but this decision should be left to the hiring office.

4. Give campuses authority to offer job classifications that are justified on the basis of work requirements.

Comments:

Job classifications on smaller campuses tend to be lower than those found on larger campuses, despite the fact that many small-campus positions are more demanding than their counterparts on large campuses due to the lack of staff specialists and other components of infrastructure common to larger campuses. As stated above, we recommend granting full authority to each campus for SPA position classification. Such work would be done in compliance with established OSP regulations.

5. Revise Reduction-In-Force (RIF) policies that prevent institutions from recruiting qualified candidates.

Comments:

The RIF policy needs to be revised to provide appropriate protection for career employees while also protecting the institution from being forced to employ unqualified or less qualified employees as a result of a RIF. For example, employees currently have re-employment rights based upon their position classifications, not their position qualifications.

6. Create a vehicle that would, in special circumstances, allow for recruiting and promoting without a formal search.

Comments:

While the clear majority of vacancies merit a wide and open search, there are a few positions of trust on every campus (i.e., executive assistant to a campus executive) where an existing or previous working relationship makes attractive the appointment of a specific, targeted individual. Likewise, employment circumstances sometimes create an obvious need to promote an outstanding employee (moving from a level III to a level IV post, for example) instead of having to create a new post and then encourage the individual to apply. In such rare cases, we recommend that hiring units have access to a mechanism allowing for a waiver of search requirements. Such a waiver could also be of critical importance in campus efforts to provide employment for the “trailing” spouse or partner of a recruited job candidate. (See “best practice” number 5, below).

II. Best Practices: Concepts Embraced by the Recruitment Subcommittee

Practice 1:

Flexibility in the application of rules

While maintaining compliance with applicable affirmative action and equal opportunity laws and policies, recruitment practices for each job family (i.e., faculty and staff) should not be rigidly applied. An appropriate level of procedural flexibility is believed to improve recruitment effectiveness and efficiency.

Practice 2:

Eliminate redundancies

Procedural redundancies (reviews, check-offs, or other functions conducted at multiple levels or offices) should be eliminated.

Practice 3:

Campus autonomy

Campuses should be autonomous in regard to recruitment and hiring. If it is necessary for a central organization to exert oversight authority, this should be accomplished through an audit function. This would eliminate the need for advance approvals from the central organization before the campuses are allowed to take action. [This principle could, for example, be applied at General Administration with regard to the approval of positions as Senior Academic and Administrative Officer posts.]

Practice 4:

Ownership by the hiring unit

To the extent possible, the recruitment model should allow for ownership and control of the recruitment effort by the individual hiring unit, as long as the actions of that unit are in compliance with approved recruitment and appointment procedures. Any role designated for a central HR function on campus or at General Administration should be endorsed by campus hiring units as a service function.

Practice 5:

Spousal/partner re-employment assistance

Career services should be developed and offered to spouses and partners of relocating hires. These services can range from resume writing, community networking, identifying vacant positions, and placement into positions. When feasible, universities located within reasonable commuting distance should collaborate in efforts to place the trailing spouse/partner. [At present, these services are far more commonly provided for faculty than for staff hires.]



**STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
1331 MAIL SERVICE CENTER
116 WEST JONES STREET
RALEIGH, NC 27699-1331**

MICHAEL F. EASLEY
GOVERNOR

THOMAS H. WRIGHT
STATE PERSONNEL DIRECTOR

**HR Task Force
Rewards
Interim Report**

The Rewards Subcommittee had a conference call on November 6, 2007, and met on November 9, 2007 to discuss the concept of Rewards, any outstanding issues, recommendations and next steps. The challenge for this subcommittee was recommending a rewards program that may or may not be aligned with any recommended compensation and performance management programs. We made several assumptions regarding contemporary human resources for the University system that would support the recommended reward program. They are:

1. The performance management system would **not** be aligned with the comprehensive compensation system.
2. The performance management system would be aligned to the university mission and goals.
3. The performance management system would demonstrate “truth in ratings” and the rating distribution would be the metric.
4. Each employee would know how their work expectations would contribute to the universities mission and goals.
5. The performance management system would support base pay improvements and/or a performance bonus.
6. The performance management system would be results based and metric driven.
7. The performance management system would drive and improve performance.
8. The compensation would be market based and not be subject to the existing salary administration rules presently governing SPA employees.

Primary Recommendation

The University system should adopt a contemporary workforce-planning model.

Over-arching recommendation

All recommendations are supportive of the concepts surrounding talent management. The focus moves from control and transactions to HR talent acquisition and management

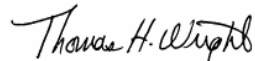
consulting. If existing HR is transaction oriented, and depending upon the capacity of the HR department, the talent management function and accountability may need to rest elsewhere within the organizational structure. Two important concepts surrounding Rewards are centered on employee development and employee engagement since both improve organizational productivity.

Draft Recommendations

1. Vacation Leave
2. Cafeteria Style Benefits
3. Referral Bonus Program
4. Sign-on and Retention Bonus
5. Recognition Bonus Program

The draft recommendations of the Rewards Subcommittee are attached for your review.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas H. Wright".

Thomas. H. Wright, Chair
Rewards Subcommittee

University Vacation Leave Proposal

Draft 11-13-2007

Policy

Vacation leave is credited to employees who are in pay status (working, on paid leave or on workers' compensation leave) for one-half or more of the regularly scheduled workdays and holidays in the pay period in accordance with the provisions outlined below. Employees are credited with directly related career or occupation experience external to the North Carolina University System on a year-for-year basis when hired into the system.

Purpose

The primary purpose of paid vacation is to allow employees to renew their physical and mental capabilities and to remain a fully productive employee. Employees are encouraged to request leave during each year in order to achieve this purpose.

Covered Employees And Vacation Leave Credits

Type of Appointment	Amount Granted
Full-time Permanent, probationary, trainee, or time-limited	Based on length of directly related career or occupation service when hired into the university system combined with total state service.
Part-time (half-time or more) Permanent, probationary, trainee, or time-limited	Based on length of directly related career or occupation service when hired into the university system combined with total state service. Prorated for part-time.
Temporary, intermittent, or part-time (less than half-time)	None

Uses of Vacation Leave

Vacation leave may be used for:

- Vacation,

- other periods of absence for personal reasons,
- absences due to adverse weather conditions,
- personal illness (in lieu of sick leave),
- illness in the immediate family, and
- time lost for late reporting; however, deductions should be made from the employee's pay where excessive tardiness or absenteeism occurs.
- donations to an employee who is an approved voluntary shared leave recipient

Note: Although approval of the use of vacation leave is discretionary, requests by an employee to use vacation leave for cultural and/or ethnic-related events should be granted if the employee has accrued vacation leave and the granting of the leave will not result in undue hardship on the agency or its employees.

Table I - Leave Credits

Years of Total State Service	Hours Granted Each Month	Hours Granted Each Year	Days Granted Each Year
Up to 5 years	9 hrs. 10 mins.	110	13 3/4
5 but less than 10 years	11 hrs. 10 mins	134	16 3/4
10 but less than 15 years	13 hrs. 10 mins.	158	19 3/4
15 but less than 20 years	15 hrs. 10 mins.	182	22 3/4
20 years or more	17 hrs. 10 mins.	206	25 3/4

Recognition Bonus Program Policy
DRAFT 11-13-07

Purpose	The purpose of the Recognition Bonus Program is to provide lump-sum monetary awards to employees in recognition of extraordinary contributions to the goals and objectives of the university or work unit of the university or to acknowledge individual or team accomplishments.
Eligibility	Permanent or Full or Part-Time SPA employees who have completed their probationary period and who have an acceptable performance rating (the equivalent of “Above Good” or “Outstanding”) with no active disciplinary actions are eligible for Employee Recognition Bonuses.
Payment Options	<p>Individual Recognition Bonus limits are set as part of the University Bonus Plan but in no case may exceed \$5,000 in cash payments or 160 hours of vacation leave in any fiscal year. Universities set criteria and limits for Recognition Bonuses according to business need and available resources. The total awards of the university may not exceed 1% of the university’s salary base for SPA employees for a fiscal year.</p> <p>All monetary awards are considered income for the employee and taxed accordingly. Universities may not increase award totals by the amount of payroll taxes normally deducted from the employees’ pay.</p>
Funding	Funding for the Recognition Bonus Program shall come from existing university resources, such as lapsed salaries.
Procedure	Each university wishing to utilize Employee Recognition Bonuses should have a designated Rewards & Recognition Coordinator and approved Rewards & Recognition Plan in place. Program Guidelines should include: A description of the proposed Recognition Bonus program or programs (purpose, criteria, selection process, types of awards, award limitations, etc.); A plan for communicating the program(s) to its employees; Any limits on the program(s) beyond those provided by this policy. A description of the approval process or processes within the agency or university; A plan for reporting and monitoring Employee Recognition Bonuses to ensure compliance with internal guidelines and all applicable federal and state laws and regulations.
OSP Responsibilities	OSP will review university Recognition Plans and make recommendation to the State Personnel Commission regarding approval, denial, or revision. OSP will audit university records if more than a pre-

determined percentage of employees receive employee recognition bonuses to assure that the program is being operated effectively.

Please also refer to the Rewards and Recognition Policy (State Personnel Manual, Section 6, Page 20.2) for additional program guidelines.

Referral Bonus Program

DRAFT 11-13-07

Purpose

The purpose of the Referral Program is to encourage current state employees to refer potential applicants for critical positions or occupational groups. The employee is directly responsible for the successful recruitment of an employee possessing those skills that are in high demand and hard to attract.

Universities must identify positions or occupational groups that are eligible for the Referral Program. Positions should be noted as “critical” or “hard-to-fill” when posted.

Eligibility

Any permanent, probationary, trainee or time-limited full or part-time employee is eligible to participate in the referral program, if they have a performance rating of “Good” or above. The referring employee is eligible for the first of two cash payouts at six months following the date of hire for the referred candidate, or vacation leave.

The referring employee is eligible for the second of two cash payouts or vacation leave, not to exceed a total of \$ 5,000 or 160 hours, if he/she has a performance rating of “Good” or above and the referred employee has a performance rating of “Above Good” or “Outstanding” at twelve months after the date of hire.

Referral must be an external applicant, hired into an eligible position in the pre-determined critical occupational group. (An external applicant is one not employed by any public university of the state North Carolina.)

Referred applicant must not have an active job application already on file with the agency.

Payment Options

University has the option of giving the referring employee the choice of payment in cash or vacation leave. If a cash payout is chosen, it shall be on a two-payment schedule of six months and one year from date of hire for the referred applicant.

Individual award limits are set as part of the University Bonus Program Plan, but in no case may exceed \$5,000 in cash payments or 160 hours of vacation leave in any fiscal year.

University has the option of accepting referrals from eligible employees of other universities within the University or North Carolina System.

To receive payment, the referring employee must be employed and working in a university at the time the referral payments are due.

A university has the option of either a cash payout or vacation leave, or it may choose a combination of cash and leave.

All monetary awards are considered income for the employee and taxed accordingly. Universities may not increase award totals by the amount of payroll taxes normally deducted from the employees' pay.

Hiring managers/supervisors, University Chancellors and Vice Chancellors, recruiters and hiring university HR employees are not eligible to participate in the referral program.

Funding

Funding for a Referral Program will come from existing university resources, such as lapse salaries.

Procedure

Procedures for implementing a Referral Program shall include these guidelines.

The university will provide a form for completion by the referring employee to forward with the application and resume of the applicant to the university's Human Resources office.

The Human Resources office confirms the referral in writing.

In the case of a referral made by an employee of another university, the hiring university should forward this information, along with the funds for the referral payment to the fiscal office of the referring employee's university.

The University Chancellor or his designee has final approval of a referral bonus payout.

Referring employee is not eligible to receive vacation leave or first cash payment until job applicant has been employed for six (6) months and the new hire has a performance rating of "Above Good" or higher. The last installment of bonus leave or cash is not payable until job applicant has been employed for a period of one year, and referring employee is still in pay status, and the new hire employee has a performance rating of "Above Good" or higher. The referring employee must have a performance rating of "Good" or above.

Any dispute arising from the administration of the program will be the responsibility of the University Chancellor or his designee to resolve and cannot be grieved.

The University HR office will monitor and report annually to the Office of State Personnel on the use of the Referral Program.

The hiring process will be consistent with university policy and procedures, without bias for or against candidates whose selection might make an employee eligible for a referral bonus.

OSP Responsibilities OSP will review university Referral Plans and make recommendation to the State Personnel Commission regarding approval, denial, or revision. OSP will audit university records if more than a pre-determined percentage of employees receive referral bonuses to assure that the program is being operated effectively.

Sign-On and Retention Bonus Programs

DRAFT 11-13-07

Purpose	<p>The purpose of these bonus programs is to aid in the recruitment and retention of critical talent and high-performing employees in exceptional labor market situations. Universities will maintain a listing of occupations meeting these exceptional labor market situations. Universities may use this program option individually or in combination and in conjunction with other salary administration policies of the State of North Carolina.</p>
Eligibility	<p>Sign-on bonuses are open to all applicants for the occupations on the critical listing. Former state employees must have been separated from state service for at least one year to be eligible on re-hire. An employee may receive one sign-on bonus in a four year-period.</p> <p>Any permanent full or part-time employee is eligible to participate in the retention bonus program, based on high performance with a performance rating of “Above Good” or “Outstanding”.</p>
Payment Options	<p>Sign-on and retention bonuses are one-time cash payments payable in one or two installments or annual leave awards not covered by other pay administration policies that may be offered for critical and unusual labor market conditions affecting the business need of the university. Conditions are defined by high turnover, difficulty in recruitment, and fluctuating market conditions.</p> <p>Recommended bonuses under this provision are subject to the availability of funds and are subject to approval of the State Personnel Director and the Director of State Budget and Management.</p> <p>Sign-on and retention bonus limits are set as part of the University Bonus Plan, but in no case may exceed \$5,000 in cash payments or 160 hours of annual leave in any fiscal year.</p> <p>All monetary awards are considered income for the employee and taxed accordingly. Universities may not increase award totals by the amount of payroll taxes normally deducted from the employees’ pay.</p> <p>The Office of State Personnel delegates the program administration to the University Chancellor, subject to monitoring and review by OSP. Occupations with critical market situations must be approved by OSP based on accepted compensation standards.</p>

Procedures

Sign-On Bonus	Sign-on Bonuses are used in the recruitment of employees to fill positions in critical occupations as designated by the university and approved by OSP. Sign-on bonuses are offered within the parameters established for the Bonus program in general and as outlined in detail in the university plan. Specifically, the sign-on bonus requires employees receiving the bonus to work with the agency for one year. The bonus is agreed upon with the applicant prior to hiring and paid out in one or two increments. If the employee leaves State service prior to one year, the university will require payback of the bonus on a prorated basis. These parameters are identified to applicants in the recruitment process.
Retention Bonus	Retention Bonuses are awarded to current full-time, permanent employees in positions in critical occupations as designated by the university and approved by OSP. Retention bonuses are offered within the parameters established for the program in general and as outlined in detail in the university plan. The retention bonus requires the employee to remain with the university for one year. It may be paid out in one or two increments as agreed to with the employee. If the employee leaves State service prior to one year, the university will require payback of the bonus on a prorated basis.
OSP Responsibilities	OSP will review university Sign-on and Retention Bonus Plans and make recommendations to the State Personnel Commission regarding approval, denial, or revision. OSP will audit university records to ensure that new hires and employees receiving the bonuses are in critical occupations and that the program is being operated effectively.

Cafeteria Style Benefits

DRAFT 11-13-07

Purpose	The cafeteria-style benefit option allows employees the flexibility of selecting benefits that meet their specific needs. Employees have the choice of applying this benefit money to dependent health plan coverage cost, supplemental retirement, and pre-tax benefit options.
Eligibility	The cafeteria-style benefit option is open to all SPA employees in the university.
Funding and Payment Options	A designated amount (2%?) of the total salary dollar or current benefit cost amounts for the university's employees to be distributed evenly among all SPA employees to fund the Cafeteria-style benefits.
Procedures	<p>Universities manage plan components and review and audit for competitiveness to allow benefit options to meet the needs of changing workforce demographics and cycles within the employee's career. Offers new or revised options as needed.</p> <p>University offers cafeteria-style benefits on pretax dollars basis for employees.</p> <p>Universities establish and educate employees on the value/worth of benefits and the philosophy of 'total compensation' that includes salary, benefits and other forms of compensation as employee choice.</p> <p>Universities emphasize the importance of individual choice to allow employees to manage their own plan.</p>

HR Task Force
Performance Management/Employee Relations Subcommittee
Interim Report

Introduction

The Performance Management/Employee Relations Subcommittee met on November 1, 6 and 15, 2007, to discuss performance management and employee relations issues, develop recommendations, and prepare the Interim Report. Pamela L.A. Barkett, Director of Human Resources at UNC Pembroke, served as the Chair and facilitated the work sessions.

The following individuals participated:

Patrick McCoy, Director of Human Resources, Appalachian State University for Chancellor Kenneth Peacock

LaMonica Singleton, Career Services, Winston Salem State University

The Subcommittee explored the underlying assumptions/current issues related to University performance management and employee relations, evaluated the current approach and structure of these HR program areas, and clarified what enhancements would best support the President's objectives of a reasonable, cost efficient, accountable, and manageable procedural improvements. The Subcommittee is confident that these recommendations will enable the University's performance management and employee relations system to become more efficient, effective, and responsive for the future of UNC Tomorrow.

Preliminary Recommendations

Modify an existing Article of 126, the State Personnel Act, which provides for the University of North Carolina to manage a substantial equivalent Human Resources systems that meet accepted best practices principles and practices.

Performance Management

- 1) Develop a University Performance Management program that will establish a more effective rating system for EPA Non-Faculty and SPA that meets constituent University needs. This program will be developed by a subcommittee of the Human Resources Council.
- 2) Performance Bonus – recommend seeking legislative authorization to fund performance bonuses through the use of lapsed salary dollars, awards based on level of accomplishment in review of predefined goals, one-time bonus may be awarded for year in which employee receives a rating of meets expectations or above, award is not added to base salary.

Employee Relations

- 1) Recommend the establishment of subcommittee to the HR Council to support At-Risk University Employee Relations Programs, provide consultation assistance when requested, and establish a core employee relations training program to leverage the strength of current employee relations staff and provides for career development for University Human Resources Professionals.
- 2) Due to the property interests and due process provisions conveyed to employees under the State Personnel Act, the Employee Relations Subcommittee of the Human Resources Council will evaluate best practices and develop program enhancements for future consideration of the Human Resources Council.
- 3) Recommend that Office of State Personnel follow through on implementation of the new administrative rules and procedures that govern the Employee Relations Program.

Next Steps

Performance Management/Employee Relations Subcommittee will request feedback on Interim Report from members of the HR Task Force and HR Council. Feedback will be evaluated and/or included in the Final Report.

UNC HR Task Force
Compensation Subcommittee
Interim Report
November 16, 2007

Introduction

The Compensation Subcommittee of the HR Task Force is comprised of the following individuals:

Debbie Frezell, Staff Assembly Representative, NC School of the Arts

Natasha Nazareth-Phelps, General Counsel, NC School of Science and Mathematics

Charlie Nelms, Chancellor, North Carolina Central University

John Toller, Associate Vice Chancellor HR, East Carolina University (Chair)

The subcommittee met via teleconference on November 7th and 14th to identify, discuss, and prioritize the essential compensation issues pertaining to Chapter 126 of the NC General Statutes (The State Personnel Act). The group identified the most critical issues and arranged them in a matrix to facilitate analysis and reporting (see Attachment 1).

In the course of its discussions, the subcommittee reviewed the compensation items that had been raised in previous reviews and in earlier meetings of the full task force. In addition, the group considered the opportunities for developing best practices that would most closely meet the Task Force objective of creating reasonable, cost efficient, accountable, and manageable improvements.

The subcommittee is confident that implementing the strategies outlined in its summary matrix will enable the University's compensation system to become more efficient, effective, and responsive in attracting and retaining the talent required for UNC to meet the current and future needs of the citizens of North Carolina.

Compensation Themes and Recommended Strategies

Two major themes were identified:

1. **Competitive Compensation**
2. **Effective Management of Compensation Resources**

These themes are aligned with four primary values:

- 1) *sustainable competitiveness*
- 2) *high performance workforce*
- 3) *collaborative oversight, flexibility, and equity*
- 4) *administrative efficiency, simplicity, and cohesiveness.*

In addition to major themes and primary values, best practices and implementation strategies were identified for each item and priorities established to facilitate appropriate action:

A. Competitive Compensation (Sustainable Competitiveness)

1. Develop and maintain a comprehensive, competitive compensation program by adjusting salaries to competitive market levels. This can be accomplished through:
 - a. Implementing labor market adjustments
 - b. Rewarding high performance via both base salary increases and one-time salary adjustments
 - c. Addressing internal inequities (using a competitive market index as the internal comparison standard)
 - d. Integrating cash and non-cash elements (i.e. benefits and rewards) into a comprehensive compensation program.
2. Set staff salary goal to 80th percentile of peers. While this is a long-term objective, articulating this goal early will align SPA compensation philosophy and goals with currently established standards for faculty.
3. Fully fund Career Banding implementation at competitive market levels. This will require a multi-year plan for implementation. A 3 year plan is recommended.

B. Competitive Compensation (High Performance Workforce)

1. Create and sustain professional level standards for employees. Promote full utilization of talent through skill enhancement/development.
 - a. Create a continuous improvement culture on each campus. Attract, motivate and reward high performing employees.
 - b. Develop and reinforce 21st Century skills: Competency, Creativity and Innovation; Critical thinking and problem solving; Communication; Collaboration; Initiative; Self-direction; Adaptability; Productivity; Accountability; Leadership
2. Leverage compensation to support succession modeling. Build “bench strength” at levels of the organization to ensure sustainable success.
 - a. Develop “grow your own” programs that enable locally controlled transition from one work level to another.

C. Effective Management (Collaborative Oversight; Flexibility; Equity)

1. Establish authority to adjust compensation programs to meet individual institutional needs.

- a. Enable local level action to ensure relevance and responsiveness of actions. Enable transparency of actions via defined checkpoints and reporting standards.
 - b. Create shared authority/accountability standards for OSP/BOG. Delegate compensation authority to campuses based on demonstrated capacity of campuses to meet accountability requirements.
- 2. Maintain high level consistency while simultaneously avoiding a “one-size-fits-all” approach.
 - a. Develop and adhere to broad, high level standards and empower effective campus/unit level action.
 - b. Develop self-auditing reports and widely share results.
 - c. Create and prioritize uniformity expectations and standards.

D. Effective Management (Administrative Efficiency; Simplicity; Cohesiveness)

- 1. Assess campus capabilities for delegated Compensation Administration and allocate resources to ensure ongoing compliance with standards.
 - a. Anticipate and respond to functional needs.
 - b. Review infrastructure needs and allocate resources to support appropriate capacity in a decentralized model.
- 2. Create a “bright line” standard for defining/qualifying EPA and SPA employees.
 - a. Simplify administrative processes. Develop clear, effective communication strategies.
 - b. Utilize the current definition for the FLSA “exemption” status to define EPA and SPA categories.
 - c. Assess incentives and disincentives and work collaboratively with affected individuals to develop an appropriate implementation plan. (Allow current employees to remain in their present status to maximize individual choice and minimize impact. New or vacant positions would be assigned to EPA/SPA categories based on their “exemption” status).

Next Steps

The Compensation Subcommittee will request feedback on this Interim Report from members of the HR Task Force, the UNC HR Council, and others. Feedback will be evaluated and included in the Final Report as appropriate.

The subcommittee supports the approach of modifying an existing Article of Chapter 126 (e.g. *Article 4*) to enable the University of North Carolina to manage a **substantially equivalent** Human Resources system that meets accepted principles and best practices in Human Resource Management (consistent with Articles currently in place for other specialized functions/agencies).